Trade and Agriculture
What's at Stake for Ohio?

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Ohio is an important producer and exporter of agricultural products. In 2002, the State's cash farm receipts totaled $4.4 billion. Ohio ranked 13th among all 50 states in 2002 with agricultural exports estimated at $1.3 billion. Agricultural exports help boost farm prices and income, while supporting about 19,370 jobs both on the farm and off the farm in food processing, storage, and transportation. Exports remain important to Ohio's agricultural and statewide economy. Measured as exports divided by farm cash receipts, the State's reliance on agricultural exports was 30 percent in 2002.

Ohio's top five agricultural exports in 2002 were:

- soybeans and products -- $476 million
- feed grains and products -- $282 million
- wheat and products -- $175 million
- vegetables -- $52 million
- poultry and products -- $40 million

World demand for these products is increasing, but so is competition among suppliers. If Ohio's farmers, ranchers, and food processors are to compete successfully for the export opportunities of the 21st century, they need *fair trade* and *more open access* to growing global markets.

Ohio Benefits From Trade Agreements

Ohio is already benefiting from a number of agricultural trade agreements. While there is still much to be done, examples of market opportunities for Ohio include:

- Ohio, the nation's sixth largest soybean producer, benefits under the Uruguay Round agreement as South Korea reduces its tariffs on soybean oil by 14.5 percent from 1995 to 2004. So far, the tariff reduction has supported a threefold increase in export volume, with total sales reaching $34 million in 2002. The Philippines is reducing its tariffs on soybean meal from 10 to 3 percent during the same period. This tariff reduction has supported a 27-percent increase in U.S. soybean meal exports that topped $146 million in 2000. China's accession to the World Trade Organization has helped raise our exports of soybeans fourfold from 1999 to 2002, reaching nearly $1 billion.

- As one of the nation's largest feed corn producers, Ohio benefited under the North American Free Trade Agreement when Mexico converted its import licensing system for corn to a transitional tariff-rate quota that will remain in effect until 2008. Under this system, the volume of U.S. corn exports to Mexico has risen over 42 percent since 1994, reaching 120 million bushels valued at $585 million in 2002. Under the Uruguay Round agreement, the Philippines converted its import ban on corn to tariffs. Since then, the United States has exported well over 1 million tons of corn to the Philippines.

- Ohio, the eighth largest wheat producing state, benefited from limits set on subsidized wheat exports as a result of the Uruguay Round agreement. These limits influenced the European Union's decision to change its Common Agricultural Policy, ultimately lowering internal EU market prices to world price levels. As a result, annual EU wheat exports dropped from 22 million tons to about 14 million tons as lower market prices stimulated domestic use, and annual EU wheat imports jumped from 1.5 million tons to 7 million tons as the levied margin of protection fell. This translates to an 11-percent reduction in global export competition and a 5.5-million-ton increase in EU imports, half of which is supplied by the United States.
- Under the North American Free Trade Agreement, Mexico eliminated import licensing for wheat and is phasing out tariffs. Since 1994, average annual U.S. wheat exports to Mexico have more than tripled, from 23 million bushels to 85 million bushels, valued at $349 million in 2002. Oregon could also benefit from China’s accession to the WTO in which China agreed to lock in tariff-rate quotas and lower tariffs and end export subsidies. These concessions provide an opportunity to increase U.S. wheat exports. This should facilitate trade in future years, but has had little impact in the past year or so because of ample domestic production in China.